

## FORRES AREA CREDIT UNION

23<sup>rd</sup> A.G.M - 7/12/2017

### Annual Report

This Annual report will feel out- of- sync following on from already having our 22<sup>nd</sup> AGM earlier this year in February. However, it has been our ambition for many years to host the AGM as close to the end of year accounts as possible, so this is a first that I hope will continue in years to come.

'Are we there yet?' the kids often say when they are tiring of the journey and I wouldn't blame anyone of tiring of this journey to finally be in our new premises.

But we are here now and I am delighted to be having the AGM in our own place.



We have kept most of our volunteers along the way though, sadly, June Airey resigned from the Board. We appreciated her work particularly on the marketing front as her window dressing at 138 and regular press releases and articles were key to our developments and success to date. She had also successfully applied for Lottery funding for some of our equipment, so that we could be comfortable in our new offices. We sincerely hope her health improves and our good wishes are sent from everyone.

My thanks to Tina and Heather for going the extra mile in the added responsibility of the fixtures, fittings and adaptations from a retail premises to financial service category. While that was happening, other Board members and volunteers continued with 'business as usual' in 138. The undertaking of closing on the Friday to moving in over a weekend and begin trading on the Tuesday morning might have proved cumbersome but for the help of the folk at Wastebusters and ReBoot. However, we made it and looking back, it appeared seamless.

As you will see later, loans this year have gone down but this was inevitable as our focus was on the move; after all we had been waiting for several years for a suitable, larger property to come on the market. Staff and volunteers alike, are really enjoying the additional space and comfort that the move has brought.

Marketing and promotion needs to now be our main focus as we develop and grow; we need to recruit more members, generate more loans to bring in more interest; we need to encourage more schools' savings clubs and finally we need to promote work place savings to employers and employees alike throughout Moray and Nairn.

## **Development Manager:**

With financial support from HIE Highlands & Islands Enterprise we appointed a Development Manager, Joanne Taylor. She started in September and was supported by Heather during the 3 months probationary period that has now come to an end. 'Hitting the ground running' springs to mind. For anyone joining us after over twenty years operations she has done well. In addition to her regulatory duties, she was instrumental in organising International Credit Union Day locally; she did a tremendous amount of work for the Launch and more recently, has ensured that there is adequate staffing for the Saturday morning openings which we have spoken about for some time.



Joanne has a 2-year contract. We hope she will continue with us and that funding can be sought in that period to sustain paid work longer term as we envisage a huge growth in membership and the need for more support for members.

## **Accounts and Audit**

Another person who has seen at first hand the increase in business is Linda, our financial administrator. She diligently works away in the finance corner throughout the year, overseeing all aspects of our financial operations. Thanks go to Linda for her continual commitment to do the vital preparation for the Auditor, especially this year in such a challenging timescale. There were also variations to the accounts this year such as depreciation and adjustments that we are not used to.

This was because of new accounting legislation which came in to force last year; FRS 102 must be completed by all small & medium sized businesses, and it resulted in a more in depth and lengthy set of accounts. For cost effectiveness & simplicity's sake, a 3-page edited version of the accounts has been distributed for this meeting; Please ask if you wish a copy of the full set of accounts or the Annual Report.

It is hard to forecast at present what the running costs will be in our new place. Our utilities bill and salary costs amounted to £30,000 in last year's accounts whereas now we are requiring at least £3,500 per month to cover the bigger premises. We are therefore very keen to sell our old premises as soon as we can. Because of the reported loss this year, we will not be recommending a dividend.

We must remember that our assets (funds available) come from our borrowers and the Credit Committee has done a good job in processing the loans, which is a big responsibility. Should they not be repaid, then a whole process is needed to be followed through.

We would want you to feel confident that there is money available for loans should you wish to borrow, and perhaps more could be done to encourage 'safe' borrowing by

letting people know we are not a charity but here as a service and we will not exist unless we meet the needs of members with repaid loans.

The need to constantly review the interest rates is a challenge to ensure they are both affordable to the members and compare well with other lenders. Some compare Credit Union lending rates with Wonga, Provident and other immediate cash lenders but we also need to be aware of High Street Banks' rates and incentives as we try to attract all sectors of the community. The effects of losing two banks on the High Street has still to be felt and it's hard to know if new members have come from there or from the TV promotions, our own windows or networking with other 'partners'.

Our auditor Deborah, who is with us tonight, can report on our recent end of year financial statements and we thank her for the time Aileen and Findlay gave to us in preparing the work to year end. If you have specific questions about the accounts, then I'm sure Deborah will answer them for you.

### **Schools Savings**

The Schools Savings Schemes and support to the Soccer 7's has continued. A short input has started in Forres Academy with senior pupils working with a Business Support teacher along with guidance from Johanna and Maggie, a repeat of this is planned for February 2018.

For some primary schools it has been difficult to maintain weekly collection sessions and our capacity can only grow with more volunteers. We received Scottish



Government funding for nine months to enable part time workers to support the numeracy and financial literacy of pupils. The focus of the funding was to consolidate existing schemes and re-establish others and it is heartening to see Dallas, Andersons, Applegrove, Kinloss and Greenwards Primaries maintaining an interest. Sometimes, the youngsters use an example of a maths lesson to administer the school collection point. The youngsters are handling

money at an early age, are learning to complete pay in forms accurately, complete the savings books and prepare the money for handing over to the bank. I sincerely hope that we can convince other schools to replicate this model next year.... but of course, once again, it is all dependent on continued funding. We were successful in a bid recently for £4,000 to enable support for Milnes & Speyside schools.

### **Business Planning and Development**

Can you believe you are a business owner? Albeit a 'social enterprise' with two properties on the High Street and for only joining with £1. We are now preparing our new Business Plan to be ready for early 2018 and it is interesting to read what has been achieved and how far we have come. An action plan will follow on from that so

that we can consider priorities along with our marketing plans to highlight both the work of the workforce savings schemes and the schools. We know that Moray and Nairn are relatively small authorities, but we are so limited in our capacity being still mainly voluntary. We are always big on plans for development, but we are small in bodies, so we will be following up on funding opportunities to employ staff until we can become self-sustaining.

We had hoped to have someone in place after February to support our compliance but are just now managing to recruit for the internal audit and supervisory voluntary roles. The need for Financial Conduct Authority & the Prudential Regulatory Authority legislation to be adhered to cannot be stressed enough

We continue to offer group and joint accounts as well as the regular share accounts. Some members also hold additional accounts for such extras as festive/holiday expenses or vets' bills. Group accounts require a constitution, so a larger joining fee is in place for them and we need to consider how we can support community groups with bridging loans as they await funding from awards.

Present Board members opted, in 2015, to continue till 2018 and we are seeking additional Board members tonight and will look to fulfil our co-options during the next financial year. As the business grows the need for specific skills becomes more evident and we would want a broad range of Board members to reflect the co-operative way of working within our social enterprise and the huge developments that are possible if we work together.

May I close with the appreciation to all volunteers, staff, as well as the team of tradesmen who have worked to get us moved in to our new place as efficiently as possible. This I'm sure will be a pivotal year in the development of Forres Area Credit Union as we ambitiously move to another challenge and phase in 53 High Street.

All the very best for a restful festive period.

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Lorna Creswell

Chair

December 2017